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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA, :

:

-against-

:

STEVEN EUGENE CAULEY, :

Defendant. :

-----X

1: 09 Cr. 551 (PAC)

Sentencing letters submitted by defense counsel.

Paul J. Geller

120 E. Palmetto Park Road
Suite 500
Boca Raton, Florida 33432

Telephone 561.750.3000
Facsimile 561.750.3364

November 16, 2009

The Honorable Paul A. Crotty
United States District Judge
Daniel Patrick Moynihan U.S. Courthouse
500 Pearl Street
New York, NY 10007

Re: *United States v. Steven Eugene Cauley*
09-CR-551

Dear Judge Crotty:

I write in support of Steven Eugene "Gene" Cauley, who I understand will be sentenced by Your Honor on or about November 23, 2009. I recognize the seriousness of Gene's transgression, and this letter is in no way meant to minimize what Gene apparently did. However, as described below, I have always known Gene to be a man of strong integrity and morals, and I therefore felt compelled to write this letter.

I was Gene's law partner from approximately March of 2000 to June of 2004. During those years, I not only had countless significant financial dealings with Gene in connection with our law firm (we were the two principal equity owners of our firm, which had three offices and approximately 70 employees) but Gene and I also invested in some real estate deals together, including building an office building from the ground up, leasing space in it to the firm and other commercial tenants, and ultimately selling the building.


Without exception, Gene was always honest and beyond fair in our financial dealings. Indeed, to the extent he ever made "rounding errors," they were in my favor and against his financial interest. I never knew Gene to try to take advantage of anyone – financial or otherwise – and have always considered Gene an honorable and decent man. With respect to our law firm, it is also worth noting that Gene was always extremely generous with staff and associate pay raises and bonuses. In other words, even though higher employee bonuses clearly meant lower profits for Gene and I, Gene was always more concerned with doing right by our employees than maximizing our compensation.

Judge Crotty
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Gene's priorities were always his children and his faith, not his financial success. I believe that my close interaction with Gene in legal and business settings gave me a somewhat unique opportunity to assess his moral compass, and it never wavered. Even after dissolving our firm -- which is never easy -- Gene remained (and remains) my friend.

Gene's compassion extended beyond the treatment of his employees. I recall being in Rio de Janeiro, Brazil in September of 2004 when a hurricane was ravishing Palm Beach County, where my house -- and my wife and two young sons -- were. Due to downed phone lines in Boca Raton and lack of cellular service in Rio, I was unable to reach my family. I learned, upon my arrival home, that Gene had found a way to contact my wife and offered to send a private plane to Boca to rescue her and my boys. Although my wife did not accept this offer, the fact that Gene's instinct was to help my family in a time of need, regardless of the logistics and price, will never be forgotten by me.

Again, in no way would I minimize what he did in connection with the Bysis settlement funds. While I have to believe that Gene always intended for the funds to be fully available when needed for distribution to class members, I will not (and cannot) even attempt to justify what Gene did or fathom what he was thinking. However, of this I am positive: the Gene Cauley that I know is not a liar or a thief. I know that Gene has accepted responsibility for his actions and is prepared to pay the price that is handed down by Your Honor. I hope that, in sentencing Gene, Your Honor will consider this letter.

Respectfully,

Paul J. Geller

PJG:sw

FRANK S. HIEGEL

22 Sept 2009

Dear Judge

I have personally known

Stephen Eugene Cawley for over 10 years. I have known him as a neighbor, a parent, a friend, an attorney, a client, a community activist, and as a contributor.

I saw him ~~there~~ his office window at home working into the night regularly. I have watched him endeavor to raise his children to honorable and courteous. I watched him work tirelessly to build a law practice from a one man effort to a major firm. I have dealt with him as a client for 10 years.

FRANK S. HIEGEL

During these 10 years we would have always been his bond. He has done exactly what he said.

I have seen him work to promote legislation and projects for our community and our state.

I have witnessed him help those less fortunate than himself; he has invested his personal time and his money to host a Christmas Party for underprivileged children.

To those of this one grave mistake (which I do not excuse) before you now, there is hope has been strong hope quality.

FRANK S. HIEGEL

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The grew up in a small rural town
in Arkansas. Raised by a single
parent (his mother) who struggle to survive
and provide for a son. He learned early
that he would have to work long and
hard to be successful. He wanted something
better for himself and his mother. He made
an extraordinary effort and dedicated himself to
that goal. I believe his dedication to his
children, his mother and to his community
are unsurpassable.

I submit to you that he can and
will be an asset to our city, our state
and our nation.

FRANK S. HIEGEL

I hope you find the helpful
during your deliberations.

Sincerely,
Frank Siegel

September 1st, 2009
Re: S. Gene Cauley

To whom it may concern,

I am writing this letter on behalf of a dear friend and wonderful employer, S. Gene Cauley. The issues at hand and the decisions that will be made will affect so many people, and I feel that I can't let the opportunity to speak on his behalf pass by. While Gene would never ask anyone to do this for him there are many, including myself, who will want to do just that.

I have known Gene for several years on a personal level. He has always been a kind, thoughtful, and generous person. He is very unpretentious, warm, and caring. He is a friend that you can always count on. He is a wonderful listener who always takes time for others. He is genuinely concerned about others and how they are doing. I feel honored to call him my friend.

Gene's friendship and caring heart extends far beyond his family and personal friends. He has helped total strangers so many times. His assistance, while often financial, always includes a giving of himself as well. Gene is a private person, he never seeks public recognition, in fact he resists it. However, if being visible publicly is what is required to assist someone he will reach outside his own comfort level and do what is needed.

Gene has a non-profit foundation in our community that assists children in need. I have personally assisted at events to benefit these children. I have been so impressed to see Gene open his heart to these children, not just his wallet. He truly gives of his love and time to them and they are blessed because of that.

Gene has always concerned himself with others and their wellbeing. It is the type person he has been, and still is, that testifies to me of the fact that his actions which has brought about his legal issues, were not based on selfish reasons. I feel like it was the complete opposite. That does not make what he did right, but it does make it more understandable. Gene has so much responsibility for so many people. His desire to take care of his family and all those who work for his companies were the motivators for his wrong choices.

Please understand that I am in no way trying to justify his actions and or imply that he has no need for restitution. He hasn't even done that himself. He has experienced great emotional and financial repercussions for his actions. He has publicly taken full responsibility for what he did and has made it clear that he always has and still intends to make full restitution. Knowing the person he is, this does not surprise me, I would expect no less of him.

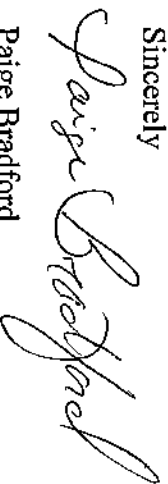
I do not take lightly the errors in judgment he has made. I understand that Gene has some obligations to society in order to amend for his errors. However, I just feel that everyone involved in this situation would benefit more by his ability to remain in the community and serve there. This would be true of those affected in the lawsuit settlement, his friends, his employees, and his family. Gene has 3 children who love him and whom he loves very much. I worry about the effects this situation is having on them and I pray for their well being during

this difficult time. They are all at a very impressionable age as teenagers and need the comfort and guidance of their father. Gene is a very stabilizing force in their lives, despite this one incident. I truly hope that Gene will be able to remain close to them both physically and emotionally during their adolescence. I know that Gene wants to be here to provide for his children's monetary and emotional needs.

I believe in our judicial system and I believe that knowing more about the kind of person Gene is will help in making a just decision.

I know people make mistakes and I know we have to "make right" those mistakes. This letter is not meant to imply that Gene should be an exception to that rule. Rather it is meant to show that Gene is person of good character and that his opportunity to "make right" the wrong he committed will best occur, if he is allowed to do so in his own community.

Sincerely

A handwritten signature in cursive script that reads "Paige Bradford". The signature is written in dark ink and is positioned above the printed name.

Paige Bradford

September 1st, 2009

Re: The upcoming court hearing for Mr. Gene Cauley

To whom it may concern,

I am writing this letter not at the request of Mr. Cauley, but because I feel compelled to do so. There times in our lives when we know the right thing to do is to speak up for something or someone, and this is just one of those times.

While I know, understand, and appreciate the seriousness of the decision Mr. Cauley made, regarding the financial matters at hand, and the importance of accountability for all actions and decisions we make, I also know, understand, and appreciate the belief that justice is only truly served when the whole character and motives of a person are taken into account, and mercy combines with accountability in rendering judgment of a person. It is in respect to those issues that I would appreciate the opportunity to share my thoughts at this time.

I am not a close personal friend of Mr. Cauley's, though I would be proud to call myself such.

I know Mr. Cauley through his care and concern of other people, through his generosity of his time and talents to those less fortunate than himself, through his dedication to making our community a better place by his commitment to others and their welfare. He is not a person who clings to the limelight and makes certain that his good deeds are done in the light of the public eye. I know of the good works he has performed from those people who have seen his actions from behind the scenes.

Mr. Cauley is a man of good character. He genuinely desires and works for a world that is better each day than it was the day before. He is a genuine friend, not just to those he knows well, but also to many who cross his path both in his personal life and in business. Many people have benefited from his generosity of time, talents and finances.

There might be some who would say he has been generous with other people's money. That statement would be untrue because it contains so little of the truth. From everything I know and have seen, Mr. Cauley was a generous man long before this single incident occurred. In fact it would appear that his generosity and his desire to take care of others is the most likely reason that he found himself in the financial situation he did and made the decision he made. There is no argument that the decision was wrong, but the motives were not so sinister as one might assume they were in a situation such as this. His intent was not to harm anyone. They were not centered on his financial and emotional well being, but that of so many others who relied on him. Those motives were further complicated by medical issues, which were untreated at the time.

I am not a very liberal person. I would definitely qualify as a conservative. I believe in accountability, repentance, and restitution of our mistakes. However, I also believe that in order for "justice" to truly be "justice" the entire character of a person and their motives must

be looked at. No person's character is defined by a single bad act, anymore than a person's character can be defined by a single good act.

It is my belief that Mr. Cauley is a man of good character who made a wrong decision. He is not in need of rehabilitation or punishment, but in need of repentance and restitution. The repentance and restitution process started long before the issues at hand came to light publicly. They continue even now and so they should.

I have family members who are directly impacted in a negative way by the consequences of the decision he made. They desire all that I have expressed. They hold no ill feelings for this good man, but wish him all the best. They desire only good for him, as they know the good that is in him.

If ever there were a case where all involved would be best served by Mr. Cauley remaining in his community, serving there on probation or under restricted movement, and making financial restitution, I believe with all my heart this is that case.

The injured parties, the taxpayers, nor Mr. Cauley would benefit from prison time.

I appreciate your taking the time to listen to my concerns and I pray that perhaps this letter can give you some insight into the type person who is before you... a good man who made a mistake... a mistake he was repentant of, and started making restitution for, long before this case came to light. A man who would best serve justice by being left in the community rather than removed from it.

Sincerely,

A handwritten signature in cursive script that reads "Luanne Bradford". The ink is dark and the writing is fluid, with a large, stylized 'L' and 'B'.

Luanne Bradford
Benton, AR

Daniel Patrick Moynihan
United States Courthouse
U.S. District Judge Paul A. Crotty
500 Pearl Street
New York, N.Y. 10007-1312

Dear Honorable Judge Crotty,

On the surface this case seems as though it has all the makings of so many others involving wealthy greed. It has its protagonist, victim and subsequent day in court. A closer look however reveals a different set of circumstances altogether.

Gene Cauley worked his way through his young life without any of the benefits of wealth. He worked his way through college, Vanderbilt Law and positioned himself in a highly successful career which provided extreme wealth and prestige. The proverbial "American Dream".

Many became wealthy riding his coattails and others benefited from his gifted talents while practicing law. He championed the rights of his many clients and went out of his way to share his wealth with those less fortunate by setting up various charities and through charitable contributions.

Although I have only known Gene for four years it is impossible not to be impressed with his many outstanding achievements. And I have witnessed many of his kindnesses first hand.

If one can set themselves apart from the common mindset of current events fatigue and see only the facts of this isolated act and concentrate on the idea of justice in its truest form it is clear that restitution is the best option. It is an option rarely available and provides the best possible outcome for the victims, both direct and indirect, as clients of Mr. Cauley's firm, its partners, employees in a multitude of businesses, friends, children and beneficiaries of various charities.

What is the price of one major error in judgment in a life otherwise lived so well? The price for Gene remains much the same with substantial damage to character and reputation, a lifetime of personal achievement crushed by a horrible error in judgment followed by the appropriate accountability, humility, remorse, disgrace, disappointment and embarrassment personally, professionally and publicly.

Imprisonment serves no further purpose and reduces the likelihood of the ability to provide restitution and therefore in this case justice.

Please find the enclosed copy of a thank you note I wrote to Gene over a year ago as an example of his kindness and thoughtfulness, unsolicited and without the promise of personal gain.

8/5/08

Dear Gene,
I have been somewhat perplexed as to how one writes an adequate thank you note for the unbelievable, incredible trip to Nicken Island.

I also want to thank you for allowing me the opportunity to help design your two beautiful homes. A job which offers me an indulgence of my passion, helps pay my rent and to focus on something other than my current situation.

But the latest in your sweep of kindness has truly touched my heart.

When Camille and I arrived at your office Friday morning I was overwhelmed by your taking the time to give congratulations to Camille's school experience. I wouldn't have guessed anyone was even really listening much less willing to take the time for action. With all you have going on that is

truly extraordinary. I felt welcomed to the point of being thrown off guard, completely blown away and deeply touched. Pray that not everything you don't see coming is bad. Thank you for that as well.

Please accept my deepest gratitude for all you have done for both myself and for Camille.

Truly,
Sarah

In April of 2008 I found myself in a horrible unexpected divorce. I had been a stay at home mom for seven years and had just figured out my husband had depleted my once ample inheritance including the funds from our primary residence. My seven year daughter and I ended up living in the spare bedroom of my sister's house.

Gene helped me by taking the time to look over the numbers and confirming the reality of my financial fears. He then hired me in my degreed profession of interior design. He brought me hope where there seemed to be none.

During the course of a casual conversation I mentioned my concerns about the transition Camille was having to make and my desire for a particular second grade teacher at Forest Park.

The day Camille and I went to Gene's office to pick up a check from his secretary for my design work he saw us across the office, came over to greet us and proceeded to walk us across the hall to John O'laimy's office. He said to me, wasn't there a teacher you were partial to for Camille?" "Yes, I said, Mrs. Johnson. He said to John, "who do we know at Forest Park who might help with a recommendation." I was completely blown away. I couldn't believe he even remembered the conversation. I hadn't campaigned for it, just said how much I hoped Camille would be in her class because I had heard from so many about her nurturing nature and gentle approach.

It turns out Gene is and has been a major donor to Forest Parks largest annual fundraiser, "Art in the Park". Forest Park is a public elementary school and none of his three children attend. He simply and quietly donates to help.

I heard less than a week later Camille had been assigned to Mrs. Johnson's class. The thank you note attached is in reference to these acts of kindness. I was and remain touched be Gene's depth of kindness and generosity.

Sincerely,

A handwritten signature in dark ink, reading "Sarah M. Blue". The signature is written in a cursive, flowing style. The first name "Sarah" is written in a larger, more prominent script, followed by "M." and "Blue". The signature is positioned below the typed name "Sarah M. Blue".

Judge Crotty

I am not normally a man of letters but I do know people. It is for this reason, and my longstanding history with Gene Cauley, that I write to you.

Before you in this case you have a rather extraordinary man, a private man, that few know. In 1999, I built a house for Gene, and it was through that event that I came to know him. In the last 10 years, we have become close friends and I can honestly say, except for my father and my wife, the man before you is my best friend. So if you conclude that I am biased, I will understand, but I do not believe that I am.

Gene is very unusual, and quite honestly very misunderstood. In 1999, I built for him a \$2,000,000 home. When he drove to the lot for my initial meeting with him (he had simply told me he wanted to build a house on one of my lots), he showed up in a beat up old SUV, in blue jeans, boots and a T-shirt, and frankly he did not look like he had much. Years later, when I asked him why he drove the beat up old SUV, he told me cause his mom gave it to him for college graduation. This is pretty well consistent with what I have observed in Gene over the years. While he has retired the old SUV, he has not given up the blue jeans, T-shirt and boots he wears most every day. The new SUV, more often than not, has his four dogs piled in with him.

Over the years, Gene built quite a reputation for himself. Basically, he became one of the most prominent if not the most prominent lawyer in the State, and then parlayed that success into several successful business ventures, with a concentration in real estate. He and I grew our businesses together, and our children go to the same school. I saw him go through a divorce and stay very close and involved with his children, who practically worship the man. I never witnessed one ounce of arrogance, and I have been with him on thousands of occasions over the years, both social and business, and each time he was not only the smartest, but the richest person in the room.

In the small town we live in, word travels pretty fast. Word of Gene's success got around, and in retrospect I am struck by two thoughts in that regard. In the hundreds of occasions that I have had a chance to visit with folks about Gene, the common theme they express upon meeting him is that they did not expect him to be at all like what he is like. They expected him to be older, to be arrogant, to be flashy. He is not. Secondly, Gene's success has generated a very large amount of jealousy in this small town, and the jealous sorts have surely enjoyed the beating Gene has taken in the press. I have never seen anything that ugly in my lifetime.

He told me he thought of killing himself. I am thankful he did not. I was there on the day years ago when Gene gave me a call and said he had prepared his lists of goals for the upcoming year and asked me if he could execute on one goal that had sat on my list for years, without progress—starting a bank in little rock. My hand to heaven, 6 weeks after Gene took the project in his hands, we had a bank under contract, one year later, we bought the bank, and 3 years after that we sold the bank and made millions for the employees who put up none of their own money. Over the years, the one and

only difference of opinion Gene and I had was over employee compensation at the bank, and Gene was always of a more generous frame of mind than I was. Regrettably, it turns out that this was one of the few mistakes Gene made. Not that he paid the bank employees too much, but rather a mistake in philosophy. Gene was always willing to carry much more of his share of the load, and if you look very carefully at this situation you will find that was at the root of his wrongful actions.

Standing before you on this day is a brilliant man. A good man. A humble man, who broke down in my arms upon revealing his problems to me and, ever since that day, has encouraged me by saying hey buddy, I am alive. Every time I leave a conversation with him I feel encouraged and uplifted, and not so bad for him. My friend made a mistake, and he has admitted it. If you give him half a chance, half an economy and any sort of time, this gifted businessman can repay these funds.

I know that I am not the only one writing on Gene's behalf, but I want you to know something. Several weeks ago I got an email copied to several folks saying we need to write letters for Gene. He will not ask. This is a guy who came from nothing and can do anything. On this day, I want you to understand that scores of people offered to come to the hearing with Gene, and he discouraged every one. He said he wanted to go through this alone, not have his bad acts associated with innocent people, and use it for future motivation.

If I were to die, your Honor, this is one of the few people that I know for sure would look after my family. If there is ever a circumstance compelling leniency, and this comes from a conservative Republican, it is this circumstance.

I am available to discuss any or all of these matters at 5018688855.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Ferguson', written over a horizontal line.

Rick Ferguson